



# **-8A- Urban Renewal and Tax Increment Financing - Mike Albers Presentation**

## **TAX INCREMENT FINANCING Selected Topics**

Presented by:

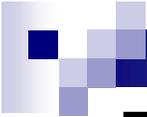
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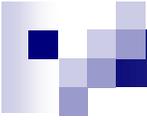
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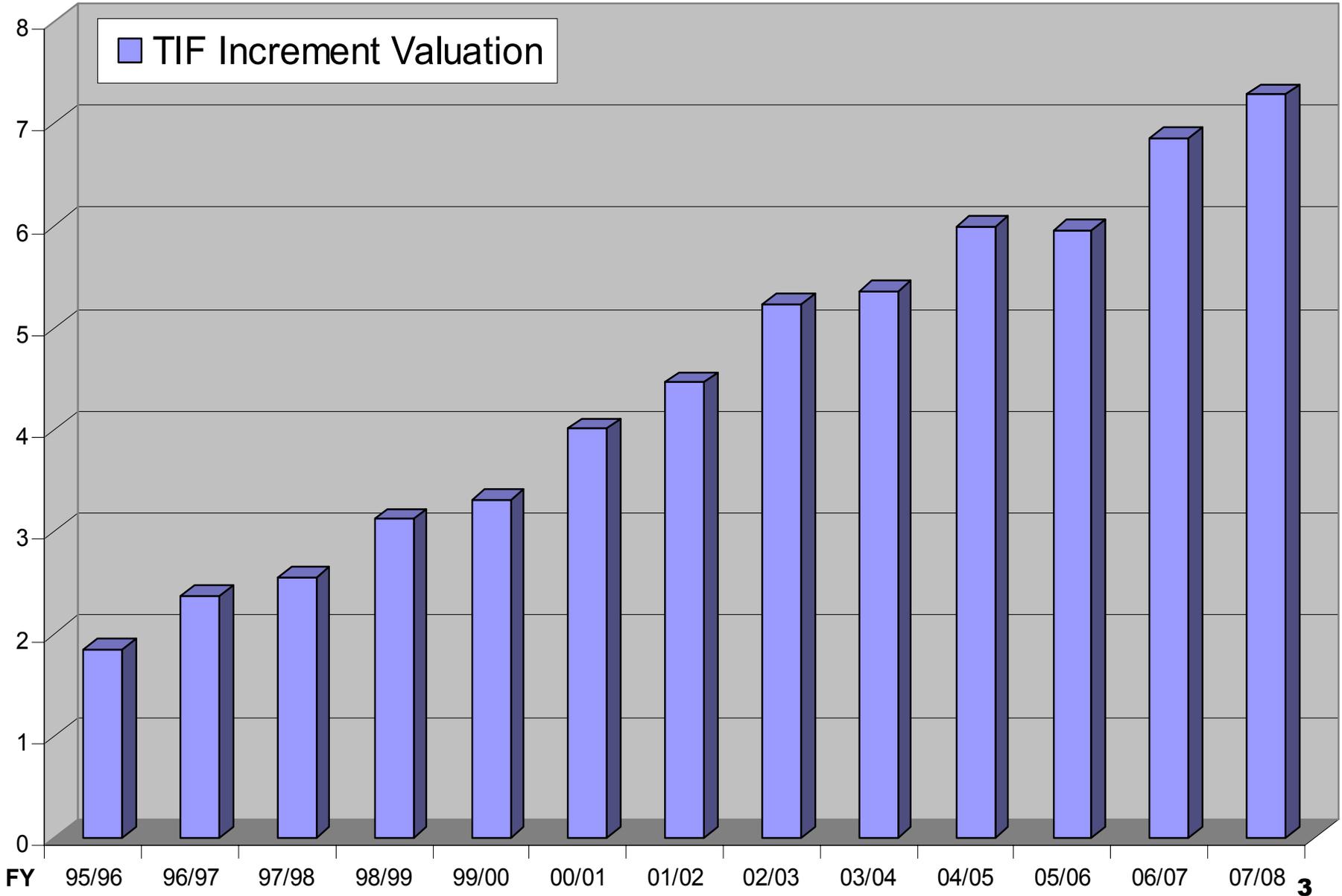
# Percent TIF Increment Value to Total

| FY    | Total Taxable Value | TIF Increment Value | % TIF |
|-------|---------------------|---------------------|-------|
| 95/96 | 80,359,642,904      | 1,846,384,053       | 2.30  |
| 96/97 | 81,795,741,640      | 2,365,983,777       | 2.89  |
| 97/98 | 83,915,205,719      | 2,551,549,931       | 3.04  |
| 98/99 | 88,556,424,677      | 3,119,962,114       | 3.52  |
| 99/00 | 92,309,605,215      | 3,316,874,164       | 3.59  |
| 00/01 | 96,623,759,377      | 4,007,702,629       | 4.15  |
| 01/02 | 101,161,212,327     | 4,463,289,529       | 4.41  |
| 02/03 | 104,524,255,048     | 5,227,333,717       | 5.00  |
| 03/04 | 107,000,369,548     | 5,353,614,327       | 5.00  |
| 04/05 | 104,657,812,112     | 5,988,167,846       | 5.72  |
| 05/06 | 106,736,902,593     | 5,950,080,670       | 5.57  |
| 06/07 | 112,580,158,760     | 6,864,537,062       | 6.10  |
| 07/08 | 115,496,626,782     | 7,287,868,050       | 6.31  |

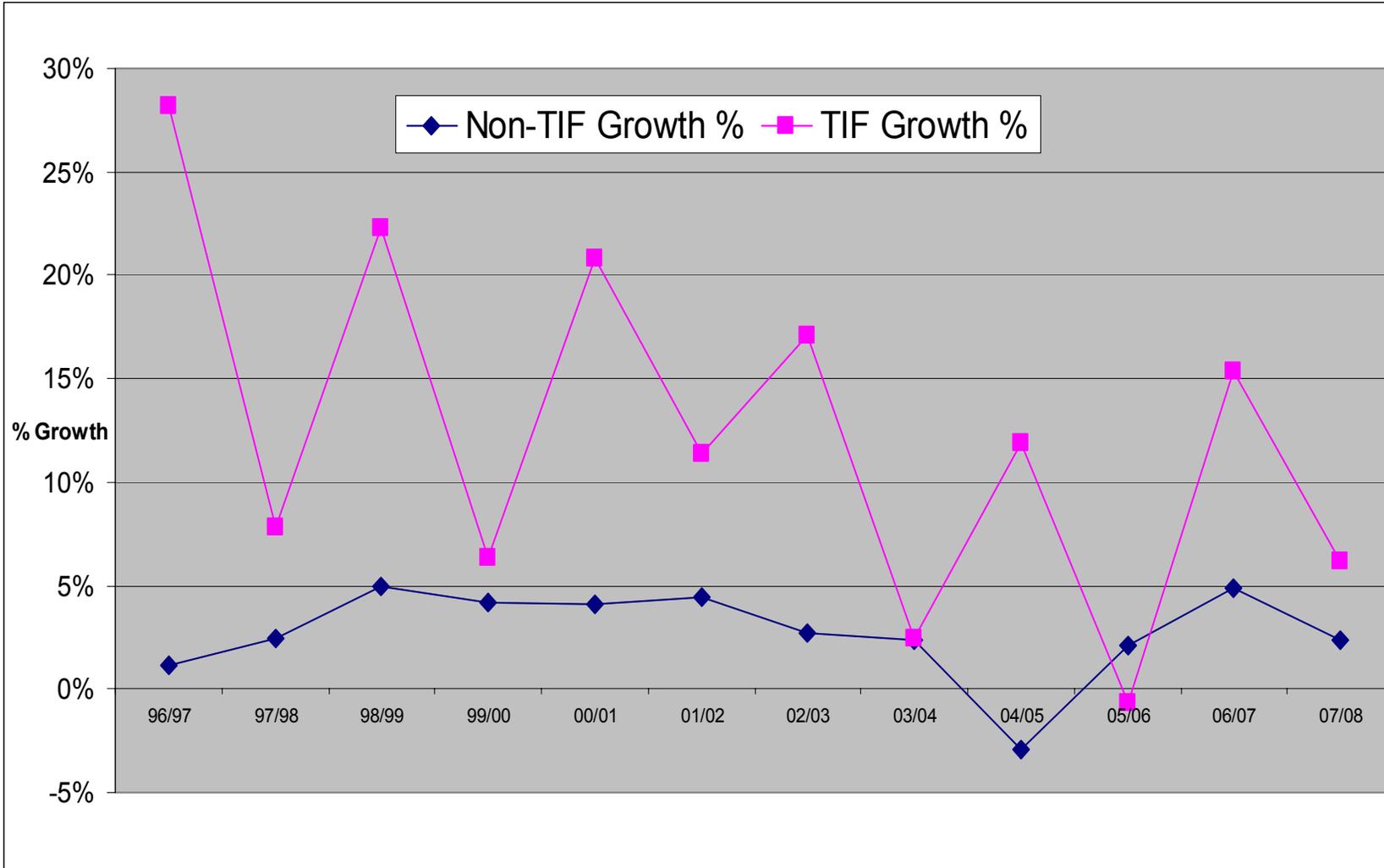


# TIF Valuation Growth FY95/96 to FY07/08

Billions



# TIF Valuation Spike in Equalization Years (% Growth from Prior Year)





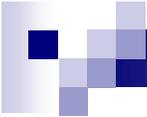
# TIF Increment Tax to be Collected in FY2007/2008

|                         | <u>Tax</u>  | <u>%</u> |
|-------------------------|-------------|----------|
| Cities                  | 226,252,439 | 95.15    |
| Counties                | 10,023,771  | 4.22     |
| Community Colleges      | 201,088     | 0.09     |
| Rural Improvement Zones | 1,300,555   | 0.54     |
| <hr/>                   |             |          |
| Total                   | 237,777,853 |          |



# Authorities Collecting TIF Tax in FY2007/2008

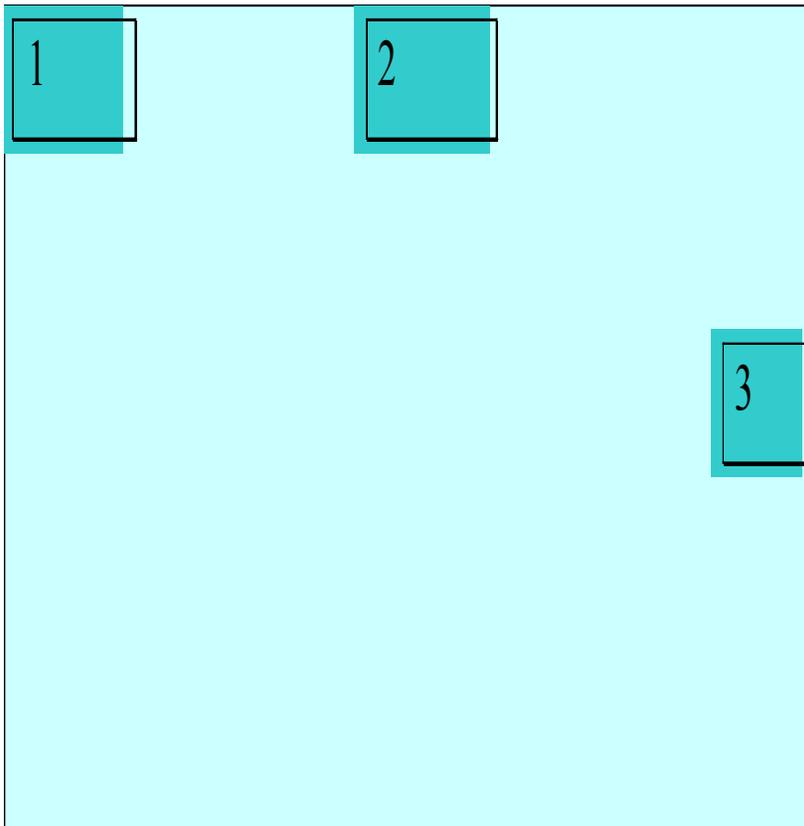
|                         |     |
|-------------------------|-----|
| Cities                  | 342 |
| Counties                | 36  |
| Community Colleges      | 4   |
| Rural Improvement Zones | 2   |



# Population of Cities Currently Collecting TIF Tax

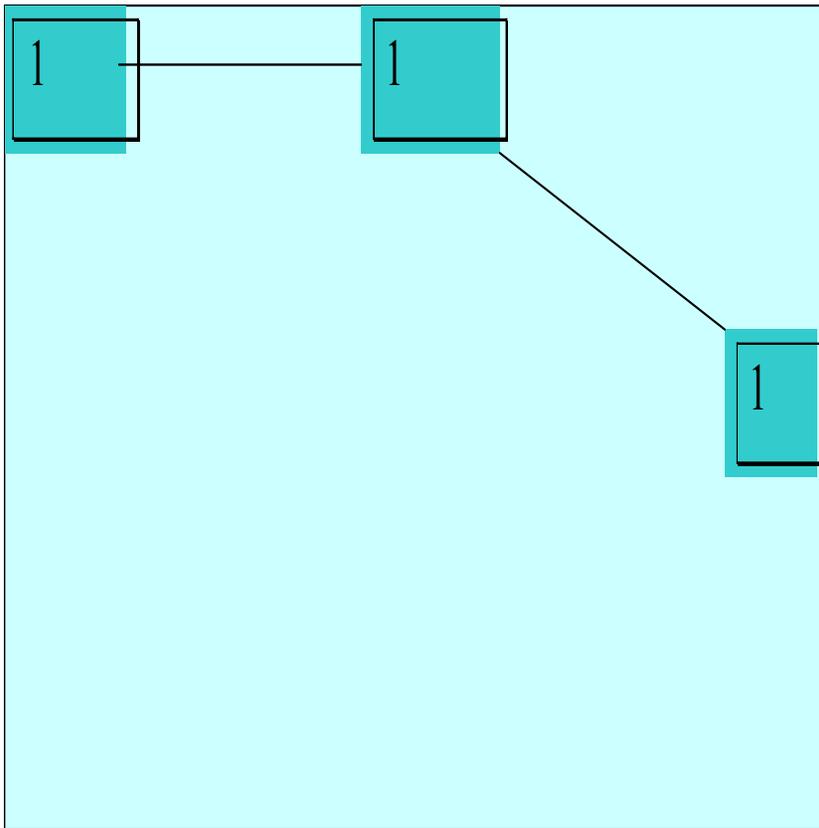
| Population (2000 Census) | Number<br>of Cities |
|--------------------------|---------------------|
| Less than 700            | 70                  |
| 700 to 2,000             | 129                 |
| More than 2,000          | 143                 |
| Total                    | 342                 |

# City Urban Renewal TIF Areas



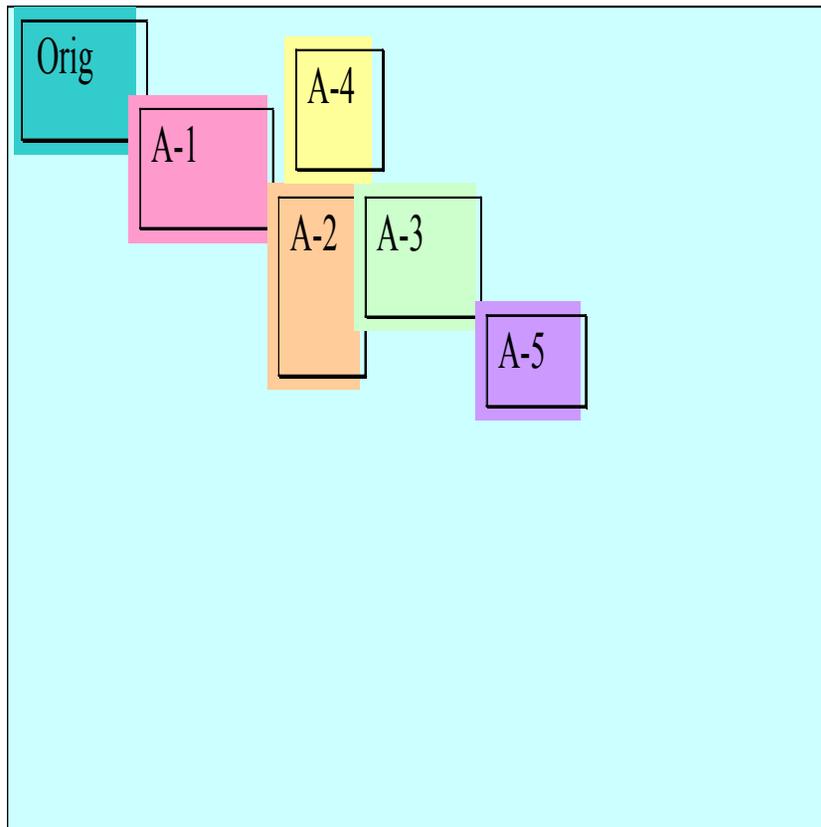
- Some cities will create one or more stand alone Areas with the TIF taxes being spent only within the individual Area.

# City Urban Renewal TIF Areas



- Some cities will create one or more 'areas' but will pass ordinances treating them one Area for spending purposes.

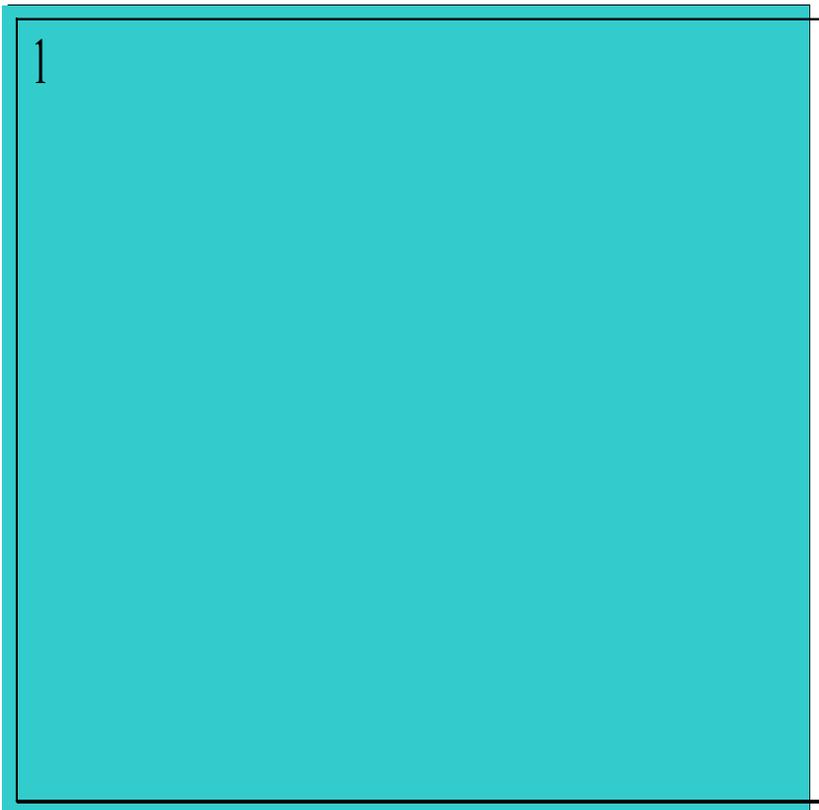
# City Urban Renewal TIF Areas



- Some cities amend their TIF Areas. Each amended 'area' will typically have a different lifespan.



# City Urban Renewal TIF Areas



- Some cities designate their entire city a TIF Area.

| <b>City Name</b>  | <b>Total Taxable Valuation</b> | <b>Increment Valuation</b> | <b>% Increment of Total Valuation</b> |
|-------------------|--------------------------------|----------------------------|---------------------------------------|
| MCCALLSBURG       | 5,675,484                      | 4,902,900                  | 86.39%                                |
| MARQUETTE         | 18,884,754                     | 14,976,437                 | 79.30%                                |
| KELLOGG           | 11,519,963                     | 8,520,557                  | 73.96%                                |
| BAXTER            | 19,984,154                     | 14,029,255                 | 70.20%                                |
| PANAMA            | 5,525,918                      | 3,607,333                  | 65.28%                                |
| CARSON            | 15,721,085                     | 9,392,243                  | 59.74%                                |
| TIFFIN            | 54,010,100                     | 31,446,707                 | 58.22%                                |
| WEST OKOBOJI      | 76,012,188                     | 44,001,200                 | 57.89%                                |
| HUXLEY            | 73,559,201                     | 39,194,598                 | 53.28%                                |
| MINGO             | 5,981,457                      | 3,104,842                  | 51.91%                                |
| SPIRIT LAKE       | 237,033,799                    | 112,351,814                | 47.40%                                |
| WILLIAMSBURG      | 116,763,763                    | 54,661,469                 | 46.81%                                |
| LE CLAIRE         | 112,961,463                    | 52,232,947                 | 46.24%                                |
| OXFORD            | 18,664,938                     | 8,565,827                  | 45.89%                                |
| FAIRBANK          | 21,397,338                     | 9,550,414                  | 44.63%                                |
| DE SOTO           | 23,756,694                     | 10,134,333                 | 42.66%                                |
| LAKE MILLS        | 57,611,414                     | 24,433,846                 | 42.41%                                |
| RIVERSIDE         | 34,778,623                     | 14,632,871                 | 42.07%                                |
| NORTH BUENA VISTA | 3,081,737                      | 1,285,645                  | 41.72%                                |
| ROCK VALLEY       | 83,269,378                     | 34,347,010                 | 41.25%                                |
| DIKE              | 35,636,787                     | 14,195,270                 | 39.83%                                |
| CORALVILLE        | 1,087,158,524                  | 419,792,912                | 38.61%                                |
| RINGSTED          | 6,066,259                      | 2,316,358                  | 38.18%                                |
| TERRIL            | 6,411,575                      | 2,446,300                  | 38.15%                                |
| GILBERTVILLE      | 18,056,578                     | 6,872,328                  | 38.06%                                |
| WEST BURLINGTON   | 145,967,632                    | 55,481,613                 | 38.01%                                |
| URBANA            | 32,890,407                     | 12,343,863                 | 37.53%                                |
| ALTON             | 37,969,763                     | 14,159,451                 | 37.29%                                |



# Rollback Subtracted From Base Valuations

- Code of Iowa 403.20 requires rolled back valuation to be subtracted from the Base valuation.

# How To Determine Base and Increment Valuations

| A                                   | B                                   | C                                       | D                                      | E   | F  |
|-------------------------------------|-------------------------------------|---|--|---|--|
| 100%<br>Frozen<br>Base<br>Valuation | 100%<br>Budget<br>Year<br>Valuation | Amount of<br>Budget<br>Year<br>Rollback | Taxable<br>Budget<br>Year<br>Valuation | Taxable<br>Budget Year<br>Base<br>Valuation | Taxable<br>Budget Year<br>Increment<br>Valuation |
|                                     |                                     |   |  |   |  |

**A – C = E (Taxable Budget Year Base Valuation)\***

**D – E = F (Taxable Budget Year Increment Valuation)**

**Column A is the 100% Assessed Frozen Base Valuation of the taxable property**

**Column B is the 100% Assessed Budget Year Valuation of the taxable property**

**\*If 'A – C' produces a negative amount, use '0' for Column E**

## Example 1 - Rollback Driving Taxable Base to Zero

| A                                   | B                                   | C                                       | D                                      | E   | F  |
|-------------------------------------|-------------------------------------|---|--|---|--|
| 100%<br>Frozen<br>Base<br>Valuation | 100%<br>Budget<br>Year<br>Valuation | Amount of<br>Budget<br>Year<br>Rollback | Taxable<br>Budget<br>Year<br>Valuation | Taxable<br>Budget Year<br>Base<br>Valuation | Taxable<br>Budget Year<br>Increment<br>Valuation |

### YEAR 1 - Base Year All Residential (50% Rollback)

|           |           |         |         |         |   |
|-----------|-----------|---------|---------|---------|---|
| 1,000,000 | 1,000,000 | 500,000 | 500,000 | 500,000 | 0 |
|-----------|-----------|---------|---------|---------|---|

### YEAR 2 - Add 200,000 Residential Value (50% Rollback)

|           |           |         |         |         |         |
|-----------|-----------|---------|---------|---------|---------|
| 1,000,000 | 1,200,000 | 600,000 | 600,000 | 400,000 | 200,000 |
|-----------|-----------|---------|---------|---------|---------|

### YEAR 3 - Add 800,000 Residential Value (50% Rollback)

|           |           |           |           |   |           |
|-----------|-----------|-----------|-----------|---|-----------|
| 1,000,000 | 2,000,000 | 1,000,000 | 1,000,000 | 0 | 1,000,000 |
|-----------|-----------|-----------|-----------|---|-----------|

## Example 2 - Rollback Driving Taxable Base to Zero

| A                          | B                          | C                              | D                             | E                                  | F                                       |
|----------------------------|----------------------------|--------------------------------|-------------------------------|------------------------------------|---|
| 100% Frozen Base Valuation | 100% Budget Year Valuation | Amount of Budget Year Rollback | Taxable Budget Year Valuation | Taxable Budget Year Base Valuation | Taxable Budget Year Increment Valuation |

### YEAR 1 - Base Year No Rolled Back Property

|           |           |   |           |           |   |
|-----------|-----------|---|-----------|-----------|---|
| 1,000,000 | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 |
|-----------|-----------|---|-----------|-----------|---|

### YEAR 2 - Add 1,000,000 Non-Rolled Back Property

|           |           |   |           |           |           |
|-----------|-----------|---|-----------|-----------|-----------|
| 1,000,000 | 2,000,000 | 0 | 2,000,000 | 1,000,000 | 1,000,000 |
|-----------|-----------|---|-----------|-----------|-----------|

### YEAR 3 - Add 2,000,000 of Residential Value (50% Rollback)

|           |           |           |           |   |           |
|-----------|-----------|-----------|-----------|---|-----------|
| 1,000,000 | 4,000,000 | 1,000,000 | 3,000,000 | 0 | 3,000,000 |
|-----------|-----------|-----------|-----------|---|-----------|



# Frozen Base Establishment Dates

- Prior to January 1, 1995:  
January 1 of the calendar year prior to the year in which the TIF ordinance was adopted.
- On or After January 1, 1995:  
January 1 of the calendar year prior to the year in which TIF indebtedness is first certified to the County Auditor.



# Economic Development TIF Area Time Limits

- Adoptions Prior to January 1, 1995:  
No stated time limits.
- Adoptions On or After January 1, 1995:  
Twenty years from the calendar year following the calendar year in which indebtedness is first certified to the County Auditor.



# Slum and Blight TIF Area Time Limits

- No stated time limits.



## The Following Tax Levies Are Applied Against Increment Valuation Without Limitation

- Debt Service levies for payment of bonds and interest.
- Regular and Voter-Approved Physical Plant and Equipment levies of K-12 school districts.



# TIF Indebtedness Certification

- HF 2777 (2006 session) changed TIF indebtedness certification procedures.
- DOM/AOS, in consultation with bond counsel, developed three unofficial forms to help local governments administer the new law.



# TIF Indebtedness Certification Forms

- **Form 1** - To certify TIF indebtedness to the County Auditor.
- **Form 2** - To request a specific dollar amount of TIF tax when all of the available TIF tax is not requested for the upcoming fiscal year.
- **Form 3** - To decertify previously certified TIF indebtedness.



## County Auditor TIF Indebtedness - Revenue Reconciliation Forms

- DOM/AOS developed spreadsheets for County Auditors to record TIF taxes paid out by the County Treasurer against certified TIF indebtedness – providing for a running balance of outstanding TIF indebtedness.